

CHARTING YOUR COURSE



THE STATE OF MAINE DEFERRED COMPENSATION PLAN NEWSLETTER

May 2002

Charting Your Investment Strategy. Socially responsible funds have been growing in popularity for the last several years. In this issue of *Charting Your Course*, we are introducing three socially responsible funds that will be available after July 1, 2002. This newsletter issue also introduces a new flexible investment option — a Self-Directed Brokerage Account/Window — that will be available by the end of the year. So, read on to find out more about these new options.

WHAT'S IN THIS ISSUE

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INVESTING FOR FINANCIAL AND SOCIAL RETURNS

A number of you have expressed your desire to integrate your retirement savings goals with your personal values through *socially responsible investing*. In response to your concerns, we are pleased to announce that socially responsible mutual funds will be available through the State's Deferred Compensation Plan after July 1, 2002.

In general, managers of socially responsible funds seek to invest in companies that:

- strive to manage their operations in an environmentally sustaining manner,
- have a good record of positive labor relations, including strong equal employment programs,
- have a good record on occupational health and safety issues,
- produce or market safe, healthy and useful products and services, and/or
- are responsible corporate citizens in the communities in which they operate.

At the same time, these funds avoid investing in companies that:

- are major polluters or have consistent environmental compliance problems,
- are primarily engaged in nuclear power,
- have a record of employment discrimination, aggressive anti-union activities or unsafe workplaces, and/or
- are significantly engaged in the manufacture of weapons, tobacco or alcohol, or are involved in gambling operations.

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INVESTMENT FUND DETAILS

IMPORTANT NOTE: The information presented here is not intended as investment advice. Its purpose is to help you understand the investment options available through the State of Maine's Deferred Compensation Plan. Your financial strategy and investment choices are entirely your own and should reflect your personal needs and circumstances. State of Maine personnel, by federal law, cannot provide investment advice. For more information, you may want to consult with a professional financial advisor. The investment information shown is current as of March 31, 2002.

HARTFORD LIFE INSURANCE COMPANY								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of March 31, 2002						
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	Hartford Life Fixed Account	*	*	*	*	N/A	N/A	N/A
	Hartford Bond HLS	-0.79%	-0.79%	5.46%	6.61%	0.51%	0.45%	0.96%
Medium	Hartford Advisers HLS	-0.29	-0.29	-0.21	8.95	0.66	0.75	1.41
	Janus Balanced	0.73	0.73	1.78	11.91	0.87	0.75	1.62
	Hartford Dividend & Growth HLS	4.53	4.53	4.64	11.06	0.68	0.75	1.43
	Hartford Index HLS	-0.03	-0.03	-3.70	8.86	0.43	0.75	1.18
	Hartford Stock HLS	-0.54	-0.54	-3.31	9.78	0.49	0.75	1.24
High	MFS Capital Opportunities	-1.37	-1.37	-0.85	10.29	1.11	0.75	1.86
	Invesco Technology	-6.80	-6.80	-6.42	7.19	0.99	0.75	1.74
	Janus Twenty	-5.89	-5.89	-16.07	9.66	0.86	0.75	1.61
	Dreyfus Premier Third Century	-2.66	-2.66	-7.85	6.54	0.84	0.75	1.59
	MFS Mass Inv. Growth A	-2.90	-2.90	-4.13	12.85	0.85	0.75	1.60
	Hartford Capital Appreciation HLS	-1.27	-1.27	9.24	15.19	0.68	0.75	1.43
	Hartford Mid Cap HLS	4.25	4.25	20.84	N/A	0.70	0.75	1.45
	Franklin Small-Mid Cap Growth	-2.94	-2.94	9.68	11.01	0.86	0.75	1.61
	American Century International Growth	-1.06	-1.06	-0.69	5.69	1.20	0.75	1.95
	Janus Worldwide	-1.07	-1.07	-1.47	7.62	0.88	0.75	1.63

If you have any questions about the information in this newsletter, please contact your financial services organization or the State's Bureau of Accounts and Control at 207-626-8420. You can also visit the State's Deferred Compensation Plan website at <http://www.state.me.us/bac/Deferred%20Comp/index.htm>.

Hartford Life Insurance Company

Augusta: 207-623-8421
 Maine: 1-800-640-8787
 Outside Maine: 1-888-457-7824
www.retire.hartfordlife.com

ING Financial Advisors, LLC

Augusta: 207-622-4882
 Outside Augusta: 1-800-238-8458
www.ingretirementplans.com

VALIC Retirement Services Company

1-800-448-2542
 (Ext. 88631 in Maine)
www.valic.com

Please note that ING Aetna Financial Services is now ING Financial Advisors, LLC. As a result, several fund names have changed.

ING FINANCIAL ADVISORS, LLC								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of March 31, 2002						
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
Low	ING Fixed Account	*	*	*	*	N/A	N/A	N/A
	ING Bond	-0.75%	-0.75%	5.02%	6.16%	0.50%	0.51%	1.01%
Medium	ING Balanced	-0.60	-0.60	1.19	8.42	0.59	0.75	1.34
	Janus Aspen Balanced	0.78	0.78	2.48	13.17	0.66	0.75	1.41
	Calvert Social Inv. Balanced	-1.83	-1.83	-2.38	5.88	0.71	0.75	1.46
	Fidelity VIP Equity Income	3.63	3.63	2.93	9.22	0.58	0.75	1.33
	ING Value Opportunity	0.26	0.26	5.07	13.92	0.71	0.75	1.46
	ING Index + Large Cap	-0.26	-0.26	-3.43	10.05	0.45	0.75	1.20
High	ING Growth	-2.16	-2.16	-8.05	9.15	0.70	0.75	1.45
	Janus Aspen Growth	-0.04	-0.04	-5.94	8.22	0.66	0.75	1.41
	Fidelity VIP Growth	-1.28	-1.28	-3.55	11.21	0.68	0.75	1.43
	ING Index + Mid Cap	7.34	7.34	15.61	N/A	0.55	0.75	1.30
	Janus Aspen Aggressive Growth	-9.15	-9.15	-11.07	7.11	0.67	0.75	1.42
	Pilgrim Small Cap Opportunity	-11.10	-11.10	9.62	15.04	0.90	0.75	1.65
	ING Small Company	-0.13	-0.13	14.34	14.17	0.86	0.75	1.61
	ING International	-4.62	-4.62	-6.23	N/A	1.15	0.75	1.90
	Janus Aspen Worldwide	-1.03	-1.03	-0.80	8.85	0.69	0.75	1.44

VALIC RETIREMENT SERVICES COMPANY								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of March 31, 2002						
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	VALIC Fixed-Interest Account	*	*	*	*	N/A	N/A	N/A
	Vanguard Long Term Bond Index	-1.08%	-1.08%	5.59%	8.26%	0.21%	0.42%	0.63%
	Vanguard Intermediate-Term Corporate Bond	-0.10	-0.10	5.89	6.83	0.21	0.42	0.63
Medium	Munder Balanced A	-0.57	-0.57	9.41	11.48	1.31	0.42	1.73
	American Funds American Balanced A	3.37	3.37	9.44	11.56	0.69	0.42	1.12
	American Funds Investment Co. of America A	1.92	1.92	4.22	12.41	0.56	0.42	0.98
	Pioneer A	3.30	3.30	1.12	12.73	1.11	0.42	1.53
	MFS Value A	3.37	3.37	9.51	14.59	1.21	0.42	1.63
	Dreyfus S&P 500 Index	0.05	0.05	-3.48	9.18	0.50	0.42	0.92
	Calvert Social Inv. Equity	1.70	1.70	9.02	12.99	1.13	0.42	1.55
High	Oppenheimer Capital Appreciation A	-2.90	-2.90	3.23	13.29	1.03	0.42	1.45
	MFS Mass Inv. Growth A	-2.83	-2.83	-3.83	13.28	0.87	0.42	1.29
	Invesco Technology Inv.	-6.74	-6.74	-6.14	7.57	0.99	0.42	1.41
	Invesco Dynamics Inv.	-4.06	-4.06	-2.59	10.80	1.00	0.42	1.42
	Neuberger Berman Genesis Trust	7.66	7.66	22.05	15.84	1.15	0.42	1.57
	Oppenheimer Global A	1.42	1.42	12.07	13.80	1.12	0.42	1.54
	Putnam International Growth A	1.51	1.51	3.79	9.58	1.13	0.42	1.55

* Fixed Accounts provide a specified rate of return. For current rates, along with an explanation of how they are determined, contact your financial services organization.

Each of the Plan's three financial services organizations will offer a socially responsible investment option. A brief description of each fund follows:

- **Dreyfus Premier Third Century Z** (Hartford Life Insurance Company)

This large cap growth equity fund invests approximately 55% to 60% of its assets in stocks and the remainder in bonds and cash.

- **Calvert Social Investment Balanced A** (ING Financial Advisors, LLC, formerly ING Aetna Financial Services)

This balanced fund invests 50% to 55% of its assets in large growth stocks and the balance in bonds and cash.

- **Calvert Social Investment Equity A** (VALIC Retirement Services Company)

This large cap blend equity fund (Morningstar category) invests

approximately 50% to 55% of its assets in stocks and the remainder in bonds and cash. It seeks growth of capital through investments in the equity securities of issuers within industries that are perceived to offer opportunity for potential capital appreciation.

Below is a chart that shows historical investment performance for each of these three funds. You can obtain more information about the funds — including a detailed prospectus — by contacting your financial services organization.

Level of Risk	Investment Options	Rates of Return as of March 31, 2002		
		Year to Date	Annualized	
			3 Years	5 Years
High	Dreyfus Premier Third Century Z	-2.66	-7.85	6.54
Medium	Calvert Social Investment Balanced A	-1.83	-2.38	5.88
Medium	Calvert Social Investment Equity A	1.70	9.02	12.99

MORE CHOICES, MORE CONTROL

Later this year, the Plan will offer the most flexible investment option currently available through a deferred compensation plan: a Self-Directed Brokerage Account/Window (SDBA). Here's how the SDBA works:

Please contact your financial services organization for any Plan-related forms you may need, such as a *Qualifying Rollover Contribution Application, Distribution Election Application or Joinder/Deferral Agreement.*

1. You open a brokerage account through the Plan with your financial services organization.
2. Through this account, you can use your Plan contributions to invest in additional mutual funds not normally available to Plan participants. You cannot invest in individual stocks or bonds.
3. You will be responsible for any additional fees for brokerage charges for purchases and sales made through the SDBA.
4. You will be able to invest up to 50% of your account in the SDBA.

SDBAs are recommended for experienced investors who want more choices and greater control over their Plan account balances. If you open a SDBA, you will be asked to sign documentation acknowledging your responsibility for the investments you make through this account. If you would like more information about the SDBA, please contact your financial services organization.